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**Date:** 5/20/2014

**GAIN Report Number:** RS1433

## Russian Federation

**Post:** Moscow

### Russian Agricultural Policy and Situation Bi-Weekly Update - 10

**Report Categories:**

Agriculture in the News

**Approved By:**

Levin Flake

**Prepared By:**

FAS/Moscow Staff

**Report Highlights:**

Spring sowing in Russia is ahead of last year...But financing for crop production is lagging last year...The development of rural Russia now a National Priority Project... The Government distributes subsidies for milk producers and cattle farms...The Russian Ministry of Economic Development to reduce export duties on certain types of fish and seafood...The Russian Fishery Agency supports an electronic exchange for the sale of Far Eastern salmon in European Russia...The Customs Union to complete FTA with Vietnam by end of 2014...and the Kyrgyz Government approves roadmap for Customs Union Accession.

**General Information:**

Welcome to the Russian Agricultural Policy and Situation Bi-Weekly Update, a summary of issues of interest to the U. S. agricultural community. The report includes information that has been garnered during travel within Russia, reported in the local media, or offered by host country officials and agricultural analysts. Press articles are included and summarized in this report. Significant issues will be expanded upon in subsequent reports from this office. Minor grammatical changes have been made for clarification.

**DISCLAIMER:** Any press summary contained herein does NOT reflect USDA's, the U.S. Embassy's, or any other U.S. government agency's point of view or official policy.

**Spring Sowing in Russia in 2014 is Ahead of Last Year**

As of May 16, 2014, Russian farmers planted 29.6 million hectares to spring crops, which is 4.0 million hectares more than on the same date last year. This includes 18.2 million hectares of grain crops, 3.1 million hectares more than on the same date last year. The total area planned for spring grain in 2014 is 31.9 million hectares, including 13.3 million hectares of spring wheat, 8.7 million hectares of spring barley, 2.55 million hectares of corn for grain, and 7.35 million hectares of other spring grains and pulses. [http://www.mcx.ru/documents/document/v7\\_show/28844..htm](http://www.mcx.ru/documents/document/v7_show/28844..htm)

**Financing of Crop Production in 2014 is Lagging Behind Last Year**

At the meeting on the current financing of agricultural spring works held in the Ministry of Agriculture in mid-May 2014, it was reported that financial support of crop producers and their spring sowing is still lagging behind last year despite the permanent monitoring of this situation by the Federal Ministry of Agriculture. The Ministry promised that all 7.54 billion rubles (\$215 million) allocated from the federal budget in 2014 for interest rate subsidies to crop producers will be paid on time. However, despite the promised interest rate subsidies, as of mid-May 2014, farmers were able to borrow only 75 billion rubles (\$2.14 billion) for the spring sowing and spring works, which is 11 percent less than last year. The state Rosselkhozbank lent farmers 58.1 billion rubles (\$1.66 billion) which is 7.2 percent less than last year; the state owned Sberbank issued only 16.9 billion rubles (\$483 million) loans to farmers, which is 23.6 percent less than on the same date last year. The banks are worried about farmers' overall indebtedness and the growth of past-due indebtedness. The banks have increased interest rates, tighten requirements for collateral, and extend the time of consideration of applications. Many farmers do not have liquid collateral and cannot obtain loans secured by future harvest. Dmitry Yuriev, the Deputy Minister of Agriculture, called the banks to decrease requirements for collaterals and to decrease interest rates. <http://www.mcx.ru/news/news/show/24125.355.htm>

**The Sustainable Development of Rural Russia Announced as One of the National Priority Projects of the Russian Federation**

The sustainable development of rural Russia was announced as one of the national priority projects of the Russian Federation as a result of a joint meeting of the State Council of the Russian Federation and the Presidential Council on Implementation of National Priority Projects and Demography Policy held on April 21, 2014. The discussions at the meeting were based on the Ministry of Agriculture's comprehensive report on the status and development of rural territories in Russia. On the results of the meeting Vladimir Putin, President of the Russian Federation, ordered the Government to develop by February 1, 2015, a long-term strategy for sustainable development of rural territories of the Russian Federation. <http://kremlin.ru/assignments/20966>.

### **Government Order No. 809-p Distributes Federal Milk “per-liter” Subsidies for 2014 among Russian Provinces**

The total amount of federal subsidies for 2014 is 8.42 billion rubles (approximately \$240 million). The top ten recipients of these subsidies are Krasnodar kray (511 million rubles), Kirov oblast (407 million rubles), Republic of Tatarstan (477 million rubles), Udmurtia Republic (346 million rubles), Bashkortostan Republic (326 million rubles), Leningrad oblast (319 million rubles), Moscow oblast (317 million rubles), Vladimir oblast (312 million rubles), Voronezh oblast (286 million), and Vologda oblast (275 million rubles). The federal funds are distributed on terms of co-financing from provincial budgets. [http://government.ru/dep\\_news/12416](http://government.ru/dep_news/12416)

### **Government Order No. 808-p Distributes Federal Subsidies for Construction and Upgrading Beef Cattle Farms in 2014 Among Russian Provinces**

The total amount of direct federal subsidies distributed among provinces by this Order for construction and upgrading beef cattle farms in 2014 is 3.15 billion rubles (approximately \$90 million). The top five recipients of these subsidies are Bryansk oblast (almost 1.47 billion rubles), Voronezh oblast (591 million rubles), Kalmykia republic (287 million rubles), Kaliningrad oblast (203 million rubles), and Krasnodar kray (108 million rubles). The federal funds are distributed on terms of co-financing from provincial budgets. [http://government.ru/dep\\_news/12415](http://government.ru/dep_news/12415)

### **The Russian Ministry of Economic Development (MED) to Implement Another Reduction of Export Duties on Certain Types of Fish and Seafood**

The reduction of export duties is in compliance with Russia’s commitments upon WTO accession to gradually decrease export tariffs for certain types of fish and seafood products to zero by 2016. MED is going to lower export duties by one-third (from the current 3.75 % down to 2.5% of the customs value) for 85 fish species and seafood, including the most popular among consumers, such as pollock, salmon, halibut, horse mackerel, herring, and capelin. MED also will reduce export duties for another 20 types of seafood from 7% to 5%, including crab, shrimp and shellfish. The Resolution will come into force starting from September 1, 2014. [http://regulation.gov.ru/project/14849.html?point=view\\_project&stage=2&stage\\_id=9791](http://regulation.gov.ru/project/14849.html?point=view_project&stage=2&stage_id=9791)

### **Russian Fishery Agency Supports Joint Project of the Far Eastern Fish Exchange and Exchange "Saint-Petersburg"**

This electronic platform is designed to implement sales primarily of Far Eastern salmon. The Far Eastern Fish Exchange (FEFE) reported that in conjunction with Exchange "Saint-Petersburg" (ESP) it launches an exchange for trade in fish and fishery products. An electronic system will be used for placing orders for the purchase and sale of fish. The system is set to implement exchange mainly for salmon from Primorye, Khabarovsk, Kamchatka, Sakhalin and Magadan. In the future, fishermen from Murmansk are planning also to join the project.

The President of the Far Eastern Association of Manufacturers and Suppliers of Fish Processing Facilities and Equipment, Sergey Lelyukhin, has promoted the idea of selling fish through electronic platforms. He pointed to the lack of civilized schemes for selling far eastern salmon and the large number of middlemen as leading to higher prices for the products. The new project is scheduled to start operating in August 2014. Rosselkhozbank will credit the agents of the fish exchange. According to Victor Nikolayev, the head of ESP, a number of buyers have already applied for the exchange. However, there is a concern about the participation of producers, as it is reportedly more profitable for fishermen

from the Far East to sell their catch for export rather than inside Russia. In addition to the Russian Fishery Agency, Russian Federal Anti-Monopoly Service and St. Petersburg International Mercantile Exchange also support the fish exchange project.

<http://www.agronews.ru/news/detail/133362/>

### **Customs Union to Complete Free Trade Agreement with Vietnam by the End of 2014**

As reported by the Russian Ministry for Economic Development, the Russia, Kazakhstan, Belarus Customs Union hope to conclude negotiations on a free trade agreement with Vietnam by late 2014 or early 2015. For additional information, see,

<https://translate.google.com/translate?hl=en&sl=ru&tl=en&u=http%3A%2F%2Fwww.economy.gov.ru%2Fwps%2Fwcm%2Fconnect%2Feconomylib4%2Fmer%2Fpress%2Fnews%2F180520141126>.

### **Kyrgyz Government Approves Roadmap for Customs Union Accession**

According to the 24.kg News Agency, Temir Sariyev, the Minister of the Economy, noted that the country's government has approved the roadmap for Kyrgyzstan's accession to the Customs Union. Minister Sariyev noted that the roadmap will next be considered by the country's parliamentary committee on foreign affairs and fiscal policy. For additional information, see

<http://www.eng.24.kg/community/170425-news24.html> .